

## Message Text

CONFIDENTIAL

PAGE 01 MANILA 05532 220949Z

22 10

ACTION EA-06

INFO OCT-01 SS-14 ISO-00 TRSE-00 EB-03 L-01 NSC-05 NSCE-00

INR-05 CIAE-00 SP-02 PRS-01 OMB-01 H-01 /040 W

----- 046515

R 220858Z APR 76

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 4280

INFO USDEL MTN GENEVA

C O N F I D E N T I A L MANILA 5532

LIMDIS

E.O. 11652: GDS

TAGS: ETRD, RP

SUBJECT: PHILIPPINE ECONOMIC NEGOTIATIONS

REF: STATE 083319

1. EC/COUNSELOR HAD OPPORTUNITY APRIL 21 TO DISCUSS NEGOTIATIONS WITH DFA ASSISTANT SECRETARY FOR ECONOMIC AFFAIRS PABLO SUAREZ, CO-CHAIRMAN OF PHILDEL. SUAREZ SAID HE THOUGHT NEGOTIATIONS HAD PROCEEDED WELL AND "HAD NOT BEEN UNUSEFUL". (E/C COUNSELOR GAINED IMPRESSION THAT SUAREZ IN FACT THOUGHT MORE PROGRESS HAD BEEN MADE THAN HE INITIALLY EXPECTED.) SUAREZ VOLUNTEERED THAT HE THOUGHT PRINCIPAL AREA OF DIFFERENCE, AND PERHAPS MOST SERIOUS PROBLEM, WAS IN AREA OF INVESTMENT AGREEMENT. USG "NON-DISCRIMINATORY" LANGUAGE REMAINS UNACCEPTABLE TO THE PHILIPPINES WHICH BELIEVES IT MUST INSIST ON MFN TREATMENT. E/C COUNSELOR ASKED WHETHER PROBLEM WAS ONE THAT MIGHT BE TAKEN CARE OF BY LANGUAGE WHICH WOULD ACHIEVE PRACTICAL OBJECTIVES WE THOUGHT IMPORTANT WHILE RETAINING PRINCIPLE OF IMPORTANCE TO GOP. SUAREZ SAID HE BELIEVED PROBLEM IS MORE FUNDAMENTAL AND COMPLICATED THAN THAT.

2. SUAREZ COMMENTED THAT HE THOUGHT THERE TO BE GOOD PROSPECT OF AGREEMENT ON WAIVER IF PROPOSAL SIMILAR TO  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 MANILA 05532 220949Z

HYPOTHETICAL ARTICLE III GAINS APPROVAL WITHIN USG AND CAN

BE FORMALLY PROPOSED. THIS WOULD PROVIDE BASIS FOR NEGOTIATION OF ARRANGEMENT SATISFACTORY TO GOP. SUAREZ SAID HE PERSONALLY UNDERSTOOD PROBLEMS USG HAD WITH ORIGINAL PHILIPPINE FORMULATION. E/C COUNSELOR ASKED WHY WAIVER IS OF SUCH IMPORTANCE TO GOP SINCE PRINCIPAL EXPORTS TO U.S. WOULD NOT NECESSARILY BE BENEFITED THEREBY. COCONUT OIL AND PLYWOOD COULD BE SUBJECT TO MFN TREATMENT, WHILE SUGAR AND COOPER CONCENTRATES ARE SUBJECT TO SPECIAL REGIMES. SUAREZ REPLIED THAT GOP WOULD FIND WAIVER USEFUL FOR SEVERAL PRODUCTS WHICH ARE NOW INELIGIBLE FOR GSP BECAUSE PHILIPPINES SUPPLIES MORE THAN 50 PERCENT OF U.S. IMPORTS.

3. WITH RESPECT TO OTHER PRINCIPAL POINTS OF DISCUSSION, SUAREZ SAID HE THOUGHT U.S. POSITION ON COCONUT OIL AND PLYWOOD FORTHCOMING, ALTHOUGH HE STILL THOUGHT U.S. OFFER SHOULD INCLUDE PLYWOOD THICKER THAN ONE QUARTER INCH. ON THE RESPECTIVE VALUES OF THE U.S. VERSUS THE PHILIPPINE OFFER LIST, HE THOUGHT THIS A QUESTION OF NARROWING THE GAP. HE VOLUNTEERED THAT IN HIS OPINION MORE PROGRESS COULD HAVE BEEN MADE IN WASHINGTON HAD PHILDEL BEEN IN A POSITION TO OFFER MORE. AS IT WAS, CONSTRAINTS ON PHILDEL HAD BEEN SUCH IT COULD NOT MAKE PROGRESS TOWARD MEETING USDEL. IN THE ABSENCE OF SUCH FLEXIBILITY, HE RECOGNIZED THAT USDEL COULD MOVE NO FARTHER THAN IT HAD.

4. E/C COUNSELOR SAID HE NOTED THAT IN COPIES OF DRAFT AGREED MINUTES HE HAD RECEIVED, THERE APPEARED TO BE NO MENTION OF SIX ITEMS ON VEGA'S LIST OF "OTHER ECONOMIC MATTERS". HE ASKED, FOR EXAMPLE, WHETHER THE COCONUT OIL EXPORT PROCESSING TAX HAD COME UP. SUAREZ SAID IT HAD BEEN MENTIONED BRIEFLY AND THAT GOP RETAINED AN INTEREST IN MATTER. ASKED ABOUT LABOR SUPPLY AGREEMENT, SUAREZ SAID IT HAD NOT BEEN RAISED NOR DID HE THINK IT WOULD COME UP WHEN NEGOTIATIONS ARE RENEWED HERE. (E/C COUNSELOR DID NOT ASK ABOUT REMAINING ITEMS AS SUAREZ SEEMED EMBARRASSED BY SUBJECT.)

5. SUAREZ ASKED IF EMBASSY HAD RECEIVED ANY INDICATION WHEN U.S. MIGHT BE PREPARED TO BEGIN SECOND ROUND. ON

CONFIDENTIAL

PAGE 03 MANILA 05532 220949Z

BEING TOLD WE HAD NO WORD, SUAREZ COMMENTED THAT HE HOPED IT COULD BE BEFORE AUGUST SINCE SO MANY U.S. OFFICIALS ARE UNAVAILABLE THAT MONTH.

6. COMMENT: SUAREZ'S COMMENTS WERE FRANK, AND ALTHOUGH INFORMAL PROBABLY PROVIDE SOME INSIGHT INTO THINKING OF PHILDEL FOLLOWING FIRST ROUND. IF INTERESTED WASHINGTON AGENCIES HAVE THOUGHTS ON DATE FOR SECOND ROUND WE BELIEVE

THIS COULD BE INFORMALLY EXPLORED WITH SUAREZ. ALTERNATIVELY,  
IF USG DOES NOT WISH TO TAKE INITIATIVE, WE BELIEVE IT  
SHOULD BE MADE CLEAR TO SUAREZ THAT WE ARE WAITING TO  
HEAR FROM GOP. SULLIVAN

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FOREIGN INVESTMENT, ECONOMIC REPORTS, NEGOTIATIONS, TRADE AGREEMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 22 APR 1976  
**Decaption Date:** 28 MAY 2004  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** saccheem  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976MANILA05532  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D760152-0908  
**From:** MANILA  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19760434/aaaabcqb.tel  
**Line Count:** 119  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** LIMDIS  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** LIMDIS  
**Reference:** 76 STATE 83319  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** saccheem  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 10 MAY 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <10 MAY 2004 by woolflhd>; APPROVED <22 SEP 2004 by saccheem>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** PHILIPPINE ECONOMIC NEGOTIATIONS  
**TAGS:** ETRD, RP, US  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006